

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: _____
DOMINIC VERDI	:	VIOLATION:
	:	18 U.S.C. § 1951 (Hobbs Act Conspiracy -
	:	1 count)
	:	18 U.S.C. § 1951 (Hobbs Act Extortion - 3
	:	counts)
	:	18 U.S.C. §§ 1343, 1346, 1349 (Honest
	:	services fraud - 3 count)
		Notice of forfeiture

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. The Department of Licenses and Inspection for the City of Philadelphia (“L & I”) was an agency whose primary function was to administer and enforce the City’s code requirements, including building, electrical, fire, health, housing, business, and zoning regulations.
2. The responsibilities of L & I included regulating the conduct of businesses and persons by issuing zoning and use permits, by conducting inspections, and by enforcing applicable codes and regulations. L & I was empowered to use citations and cease and desist orders for violations.
3. The Philadelphia Public Nuisance Task Force (“PNTF”) was a task force comprising officials from Philadelphia Police Department, the Pennsylvania State Police, the Pennsylvania Liquor Control Board, L & I, and other state and municipal agencies who worked

together to assist Philadelphia residents and community groups to abate or close down nuisance bars, houses of prostitution, and other related problems that negatively affect the quality of life in Philadelphia neighborhoods.

4. Defendant DOMINIC VERDI was the Deputy Commissioner of L & I and also a member of the PNTF. In the latter position he supervised L & I employees who participated in joint enforcement operations with other member agencies of the PNTF.

5. As a public employee, defendant DOMINIC VERDI had a fiduciary duty to the City of Philadelphia and its citizens. This fiduciary duty, defined by the Pennsylvania Public Official and Employee Ethics Act, 65 Pa. C.S.A. § 1101, et seq., prohibited defendant VERDI from using his position with L & I and the PNTF to “realize personal financial gain through public office other than compensation provided by law”

6. Chappy’s Beer, Butts, and Bets (“Chappy’s”), was a beer distributor located at 2825 South 17th Street, Philadelphia, PA, that sold beer to individuals and bars and restaurants throughout the Philadelphia area. Chappy’s, and the bars and restaurants Chappy’s sold beer to, engaged in, and sold goods in interstate commerce.

7. In or about 2006, defendant DOMINIC VERDI acquired partial ownership in Chappy’s. G.Q., known to the Grand Jury, was an attorney who represented bars and restaurants in proceedings before the Pennsylvania Liquor Control Board (“LCB”) and L & I. As co-owners of Chappy’s, Verdi and G.Q. shared in the revenue and profits generated by Chappy’s.

The Extortion Conspiracy

8. From in or about 2006 to in or about November 2010, in Philadelphia, in the Eastern District of Pennsylvania, defendant

DOMINIC VERDI,

together with G.Q., knowingly and unlawfully conspired to obstruct, delay, and affect commerce, and the movement of article and commodities in commerce, by extortion, in that DOMINIC VERDI and G.Q. conspired to obtain money, and other things of value, which was not due VERDI, from the owners of Philadelphia bars and clubs set forth below, with their consent, under color of official right, in violation of Title 18, United States Code, Section 1951(a).

MANNER AND MEANS

9. Defendant DOMINIC VERDI used his official position to unlawfully assist bars and nightclub owners who purchased beer from Chappy's. In exchange for buying beer from Chappy's, Verdi provided protection and favorable treatment to these bars and nightclubs pertaining to regulatory and enforcement actions by L & I and PNTF.

10. Defendant DOMINIC VERDI used his official position to warn owners of bars and clubs who bought beer from Chappy's about surprise inspections by the PNTF.

11. Defendant DOMINIC VERDI used his official position to instruct L & I inspectors not to issue cease and desist orders, when they otherwise would have been issued, to owners of bars and clubs who purchased beer from Chappy's. Defendant VERDI also reopened these bars and clubs despite failing inspections, which was contrary to the regular operations of L & I and the PNTF.

12. Defendant DOMINIC VERDI used his official position to instruct L & I inspectors not to take part in legitimate and appropriate PNTF raids and inspections of bars and

clubs that purchased beer from Chappy's.

13. Defendant DOMINIC VERDI used his official position to order L & I employees to issue licenses to owners of bars and clubs that bought beer from Chappy's despite these establishments lacking the proper paperwork or requisite inspections, such as a fire safety inspection, to qualify for licenses.

14. By engaging in this conduct, defendant DOMINIC VERDI used his official position to enrich himself. The owners of bars and clubs that DOMINIC VERDI assisted purchased more than \$1,000,000 in beer from Chappy's.

15. To conceal his involvement in this scheme, defendant DOMINIC VERDI lied about his ownership of Chappy's. On or about December 20, 2007, defendant DOMINIC VERDI was interviewed by employees of the Office of the Philadelphia Inspector General. During this interview VERDI denied having any ownership interest in Chappy's.

OVERT ACTS

In furtherance of this conspiracy, defendant DOMINIC VERDI and G.Q. committed the following overt acts:

La Stanza

1. La Stanza is a bar in Philadelphia owned by G.T., known to the grand jury, that bought beer from Chappy's. On or about April 9, 2010, defendant DOMINIC VERDI called G.T., and warned him about a surprise inspection by the PNTF.

2. Later, defendant DOMINIC VERDI spoke to G.T., and told him that VERDI had convinced the Philadelphia Police Department not to take part in an inspection at La Stanza.

Club 360

3. Club 360 is a bar in Philadelphia owned by P.D., known to the grand jury, that bought beer from Chappy's. In or about 2007 or 2008, G.Q. told P.D. that he should purchase beer from Chappy's because G.Q. had somebody who could provide information about upcoming raids and inspections by the PNTF.

4. In or about January 2009, P.D. received a text message from G.Q. telling him that Club 360 had a broken pipe and should shut down for the night, which P.D. understood to mean that there was going to be a surprise inspection by the PNTF.

Fireside Tavern

5. Fireside Tavern was a Philadelphia bar. On or about February 16, 2010, the PNTF conducted a surprise inspection at the Fireside Tavern and an L & I inspector issued a cease and desist order because Fireside Tavern was operating electronic poker machines.

6. Later, defendant DOMINIC VERDI told the inspector that he needed to work with the owner of Fireside Tavern to reopen the bar as quickly as possible.

Catholic War Veterans

7. Catholic War Veterans was a Philadelphia bar that purchased beer from Chappy's. On or about November 16, 2006, defendant DOMINIC VERDI had L & I issue Catholic War Veterans a "special assembly license" despite the fact that the bar had not established that it had the necessary approvals from the Philadelphia City Law Department and the Philadelphia Fire Department.

8. On or about February 9, 2009, the PNTF conducted a surprise inspection

at the Catholic War Veterans when an L & I inspector saw that the bar was operating as an unlicensed gentlemen's club and issued a cease and desist order, closing the bar. However, Catholic War Veterans only stayed closed one day because defendant DOMINIC VERDI lifted the cease and desist order contrary to L & I policy and custom.

Oasis

9. Oasis was a Philadelphia gentlemen's club that purchased beer from Chappy's. On or about October 16, 2009, there was a fight at Oasis that resulted in the death of a customer. That night, defendant DOMINIC VERDI spoke to H.A., known to the grand jury, one of Oasis' owners on the phone, and told H.A. that he was going to go to Oasis himself and help control the situation to prevent Oasis from being shut down.

Cescaphe

10. Cescaphe was a Philadelphia event space. In or about 2006, defendant DOMINIC VERDI asked Cescaphe's owner to purchase beer from Chappy's, a beer distributor that VERDI said was owned by his nephew. Thereafter Cescaphe began purchasing beer from Chappy's.

11. On or about November 1, 2006, defendant DOMINIC VERDI issued Cescaphe a "special assembly license" despite the fact that it had not established that it had the necessary zoning approval and approval from the Philadelphia City Law Department.

All in violation of Title 18, United States Code, Section 1951(a).

COUNTS TWO THROUGH FOUR

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 15 of Count One of this indictment are incorporated here.
2. On or about the dates listed below, in Philadelphia, in the Eastern District of Pennsylvania, defendant

DOMINIC VERDI

knowingly and unlawfully obstructed, delayed and affected commerce, and the movement of articles and commodities in commerce, and conspired and attempted to do so, by extortion, in that DOMINIC VERDI unlawfully obtained and attempted to obtain property and things of value more fully described below, which were not due DOMINIC VERDI or his office, from the persons and businesses described below, with the consent of the persons and businesses, under the color of official right in his capacity as a Deputy Commissioner of L & I and a member of the PNTF:

COUNT	DATE	DESCRIPTION OF THINGS OF VALUE
Two	From in or about 2008 to in or about July 2010	P.D., a Philadelphia bar owner purchased approximately \$10,704 worth of beer from Chappy's.
Three	From in or about 2009 to in or about September 2010	P.A., a Philadelphia bar owner purchased approximately \$103,136.85 worth of beer from Chappy's.
Four	From in or about November 2006 to in or about November 2010	J.V., a Philadelphia bar owner purchased approximately \$206,608 worth of beer from Chappy's.

All in violation of Title 18, United States Code, Sections 1951(a).

COUNTS FIVE THROUGH SEVEN

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 15 of Count One of this indictment are incorporated here.

2. From in or about 2006 through in or about November 2010, in Philadelphia, in the Eastern District of Pennsylvania, defendant

DOMINIC VERDI

knowingly devised and intended to devise a scheme and artifice to defraud the City of Philadelphia and its citizens of his honest services through a bribery and kickback scheme, whereby defendant DOMINIC VERDI used his public office and his official capacity to provide favorable treatment that benefitted the business and financial interests of individuals who agreed to purchase beer from a beer distributor VERDI partially owned.

3. On or about the dates listed below, in the Eastern District of Pennsylvania, and elsewhere, defendant

DOMINIC VERDI,

for the purpose of executing the scheme to defraud and deprive, and aiding and abetting its execution, and for attempting and conspiring to do so, transmitted and caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below:

COUNT	DATE	DESCRIPTION
Five	April 7, 2009	An electronic message from Philadelphia, Pennsylvania to Mt. Laurel, New Jersey, corresponding to a check drawn on the account of Oasis, in the amount of \$3,292.28, payable to Chappy's.
Six	October 16, 2009	A cellular telephone call from Pennsylvania to H.A. in New Jersey, to discuss the PNTF response to a fight that resulted in a death at Oasis.
Seven	February 2, 2010	An electronic message from Philadelphia, Pennsylvania to Mt. Laurel, New Jersey, corresponding to a check drawn on the account of Oasis, in the amount of \$3,873.42, payable to Chappy's.

All in violation of Title 18, United States Code, Sections 1343, 1346, 1349, and 2.

NOTICE OF FORFEITURE

1. As a result of the violations of Title 18, United States Code, Sections 1343 and 1951, set forth in this Information, defendant

DOMINIC VERDI

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c), and Title 18,
United States Code, Sections 981(a)(1)(C), 982.

A TRUE BILL:

GRAND JURY FOREPERSON

ZANE DAVID MEMEGER
United States Attorney